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REVIEW OF WHOLESALE ELECTRIC MARKET DESIGN	**§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

BRIDGELINK COMMENTS ON ERCOT MARKET DESIGN

1. Bridgelink has built out a full-service renewable energy EPC (engineer, procure, construct), developer, and retailer. Bridgelink has more than 1,000 MW of solar projects under development in ERCOT and is in discussion with other ERCOT developers to acquire another 1,000+ MW of projects within the ERCOT queue. Bridgelink desires to enter the ERCOT retail energy market with the assumption that the PUCT and ERCOT market structure continues to support a competitive retail market. Affiliate Bridgelink Commodities is currently an active qualified scheduling entity (QSE) and has registered as a Resource Entity at ERCOT.
2. Bridgelink supports the Commission's efforts to ensure ERCOT reliability while supporting a competitive wholesale and retail market structure.
3. Bridgelink is concerned with several aspects of the ERCOT market design discussion currently under discussion. These concerns revolve around a) interconnection prioritization of solar and inverter-based resources, b) resources accreditation and solar capacity planning calculations within the ERCOT summer peak planning process, c) LSE capacity obligations and retail LSE capacity tags, and d) duration of commission determined administrative shortage price caps.
4. Interconnection prioritization of solar and inverter-based resources. Texas has historically led the nation in deployment of renewable energy resources. ERCOT has accomplished this based on its reliance on market-based principles and price signals. Renewable energy resources will continue to outpace tradition utility generation plant (synchronous coal, oil, or natural gas), and ERCOT should support the global clean energy transition and assume a leadership position through prioritizing renewable and inverter-based resources ahead of coal, oil, or natural gas resources. A look at the current ERCOT interconnection queue would support the view that ERCOT can lead the nation (and world) in resolving the interconnection issues associated with renewable energy resources.
5. Resource Accreditation: Solar capacity planning calculations: ERCOT should evaluate the actual performance of solar resources during the summer 2021 coincident peak period. This empirical analysis should be used to determine the reliability capacity value associated with solar capacity for reliability planning purposes. During winter storm Uri, solar projects outperformed traditional utility generation plant (coal, oil, natural gas) from a reliability plant. The most significant resource issue associated with winter storm Uri was the result of lack of coordination between the natural gas infrastructure industry and the natural gas power generation industry. Incremental costs associated with improved winterization or reliability costs should be borne by traditional utility generation entities and not be shifted to the clean energy transition renewable energy participants.
6. LSE Capacity obligations: Commission discussion of imposing an LSE Capacity obligation should be ceased with clarification that a non-transparent bilateral capacity market will not be deployed in Texas. A non-transparent California style capacity market will further damage the competitive retail energy market in Texas and increase market power concerns associated with

the five largest traditional generation (coal, oil, and natural gas) generators within the ERCOT market. Should the Commission (or ERCOT) desire to implement a capacity market, then do it explicitly and not indirectly through an LSE obligation. PJM seems to have the most robust model of a workable capacity market which could be deployed in Texas in conjunction with a significant reduction in the ERCOT market price cap. The PJM Reliability Pricing Model utilizes a forward capacity auction managed by the independent system operator. The cost of the auction is passed on to retail customers based on their individual contribution to the coincident peak. Retail energy providers have certainty regarding their capacity obligation through review of each individual customers "capacity tag". The less defined ERCOT LSE obligation fails to provide each retail energy provider with certainty regarding the obligation volume (or cost) associated with this obligation. This will disadvantage the smaller independent retail energy providers and reduce retail market competition. ORDC was originally developed to provide a price signal in an energy only market structure during shortage periods. If a capacity obligation or market is deployed the ORDC should be significantly reduced or eliminated.

7. Administrative determined shortage price caps: The Commission is currently reviewing the ORDC curve and ERCOT price cap level. Bridgelink supports this review and believes a reduction in the price cap to a range of $3,000/MWh to $4,500/MWh is appropriate and continues to provide an adequate price signal to incent incremental generation into the stack during tight system conditions. Bridgelink believes ERCOT should study the historical time lag during which traditional utility synchronous generation plant responded to price spikes for time periods beyond one hour. If available generation has responded to price spikes within the first hour, the commission should consider adding a temporal duration element to the price cap discussion. For instance, the price cap could decline by a rate of $750/hour to a level of $1,000/MWh after a price spike. This still provides incentive for generation to quickly respond to shortage situation. However, it reduces the economic disruption to market participants that was experienced during winter storm Uri when tradition utility generation (coal, oil, and natural gas) failed to respond to the price signal and the prices were allowed to remain at the administrative cap for approximately 92 hours.